

HOUSE JOINT RESOLUTION 8

48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008

INTRODUCED BY

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FOR THE FUNDING FORMULA STUDY TASK FORCE

A JOINT RESOLUTION

PROPOSING AN AMENDMENT TO ARTICLE 12, SECTION 7 OF THE  
CONSTITUTION OF NEW MEXICO TO INCREASE THE DISTRIBUTIONS FROM  
THE LAND GRANT PERMANENT FUNDS TO BENEFIT THE PUBLIC SCHOOLS  
AND SECURE EDUCATIONAL REFORMS AND FUNDING FOR PUBLIC EDUCATION  
AND TO BENEFIT OTHER RECIPIENTS.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. It is proposed to amend Article 12, Section 7  
of the constitution of New Mexico to read:

"A. As used in this section, "fund" means the  
permanent school fund described in Section 2 of this article  
and all other permanent funds derived from lands granted or  
confirmed to the state by the act of congress of June 20, 1910,  
entitled "An act to enable the people of New Mexico to form a  
constitution and state government and be admitted into the

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1 union on an equal footing with the original states".

2 B. The fund shall be invested by the state  
3 investment officer in accordance with policy regulations  
4 promulgated by the state investment council.

5 C. In making investments, the state investment  
6 officer, under the supervision of the state investment council,  
7 shall exercise the judgment and care under the circumstances  
8 then prevailing that [~~businessmen~~] businesspersons of ordinary  
9 prudence, discretion and intelligence exercise in the  
10 management of their own affairs not in regard to speculation  
11 but in regard to the permanent disposition of their funds,  
12 considering the probable income as well as the probable safety  
13 of their capital.

14 D. The legislature may establish criteria for  
15 investing the fund if the criteria are enacted by a  
16 three-fourths' vote of the members elected to each house, but  
17 investment of the fund is subject to the following  
18 restrictions:

19 (1) not more than sixty-five percent of the  
20 book value of the fund shall be invested at any given time in  
21 corporate stocks;

22 (2) not more than ten percent of the voting  
23 stock of a corporation shall be held;

24 (3) stocks eligible for purchase shall be  
25 restricted to those stocks of businesses listed upon a national

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1 stock exchange or included in a nationally recognized list of  
2 stocks; and

3 (4) not more than fifteen percent of the book  
4 value of the fund may be invested in international securities  
5 at any single time.

6 E. All additions to the fund and all earnings,  
7 including interest, dividends and capital gains from investment  
8 of the fund shall be credited to the fund.

9 F. Except as provided in Subsection G of this  
10 section, the annual distributions from the fund shall be [~~five~~]  
11 six and one-half percent of the average of the year-end market  
12 values of the fund for the immediately preceding five calendar  
13 years.

14 [~~G. In addition to the annual distribution made~~  
15 ~~pursuant to Subsection F of this section, unless suspended~~  
16 ~~pursuant to Subsection H of this section, an additional annual~~  
17 ~~distribution shall be made pursuant to the following schedule;~~  
18 ~~provided that no distribution shall be made pursuant to the~~  
19 ~~provisions of this subsection in any fiscal year if the average~~  
20 ~~of the year-end market values of the fund for the immediately~~  
21 ~~preceding five calendar years is less than five billion eight~~  
22 ~~hundred million dollars (\$5,800,000,000):~~

23 (1) ~~in fiscal years 2005 through 2012, an~~  
24 ~~amount equal to eight-tenths percent of the average of the~~  
25 ~~year-end market values of the fund for the immediately~~

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1 ~~preceding five calendar years; provided that any additional~~  
2 ~~distribution from the permanent school fund pursuant to this~~  
3 ~~paragraph shall be used to implement and maintain educational~~  
4 ~~reforms as provided by law; and~~

5 ~~(2) in fiscal years 2013 through 2016, an~~  
6 ~~amount equal to one-half percent of the average of the year-end~~  
7 ~~market values of the fund for the immediately preceding five~~  
8 ~~calendar years; provided that any additional distribution from~~  
9 ~~the permanent school fund pursuant to this paragraph shall be~~  
10 ~~used to implement and maintain educational reforms as provided~~  
11 ~~by law.~~

12 ~~H. The legislature, by a three-fifths' vote of the~~  
13 ~~members elected to each house, may suspend any additional~~  
14 ~~distribution provided for in Subsection G of this section.]~~

15 G. The distribution from the permanent school fund  
16 for aid to public schools shall be used to supplement the  
17 state's efforts to provide a sufficient education pursuant to  
18 Article 12, Section 1 of this constitution."

19 Section 2. The amendment proposed by this resolution  
20 shall be submitted to the people for their approval or  
21 rejection at the next general election or at any special  
22 election prior to that date that may be called for that  
23 purpose.